

Message Text

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TO AMEMBASSY SEOUL

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E.O. 11652: N/A

TAGS: APUB, KS

SUBJECT: PRESS RELEASE ON EXIMBANK LOAN TO KOREA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOLS 7,875,000 TO YONGNAM. RELEASE IS SCHEDULED
FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS
THURSDAY, MARCH 14, 1974.

QUOTE: EXIMBANK HELPS FINANCE DOLS 17.5 MILLION SALE OF
U.S. EQUIPMENT FOR FERTILIZER PLANT IN KOREA

TO SUPPORT A DOLS 17,550,000 SALE OF U.S. GOODS AND SERVICES
REQUIRED FOR EXPANSION OF THE YONG-NAM FERTILIZER PLANT IN
KOREA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK
OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT
OF DOLS 7,875,000 TO FINANCE 45 PERCENT OF THE U.S. COSTS,
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ACCORDING TO EXIMBANK'S VICE CHAIRMAN WALTER C. SAUER. A

CREDIT OF DOLS 7,875,000 FROM FIRST NATIONAL CITY BANK, NEW YORK, WILL ALSO COVER 45 PERCENT OF THE U.S. COSTS. THE BORROWER, YONG-NAM CHEMICAL COMPANY LIMITED (YONGNAM) WILL MAKE CASH PAYMENT OF THE BALANCE OF 10 PERCENT OR DOLS 1.8 MILLION.

ESTABLISHED IN 1965 YONGNAM OPERATES THE PETROCHEMICAL FERTILIZER PLANT AT ULSAN. TOTAL COST FOR EXPANSION OF THE FERTILIZER PLANT IS ESTIMATED AT SOME DOLS 25.4 MILLION. FLUOR ENGINEERS AND CONSTRUCTORS INC., A WHOLLY-OWNED SUBSIDIARY OF FLUOR CORPORATION IN LOS ANGELES, CALIFORNIA, WILL BE THE PRIME CONTRACTOR FOR THE PROJECT. FLUOR HAD CONSTRUCTED THE ORIGINAL YONGNAM FERTILIZER PLANT DURING 1967.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING OCTOBER 20, 1975, WITH EXIMBANK'S DIRECT LOAN OF DOLS 7,875,000 TO BE REPAID OUT OF THE LAST 10 INSTALLMENTS WITH INTEREST AT AN ANNUAL RATE OF 6 PERCENT ON OUTSTANDING BALANCES. REPAYMENT OF EXIMBANK'S LOAN IS TO BE GUARANTEED BY THE KOREA EXCHANGE BANK. UNQUOTE. KISSINGER

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